

MAY 10 2010

FILED

BEFORE THE DEPARTMENT OF INSURANCE  
STATE OF NEBRASKA

STATE OF NEBRASKA	)	
DEPARTMENT OF INSURANCE,	)	CONSENT ORDER
	)	
PETITIONER,	)	
	)	
VS.	)	
	)	
HOMESITE INDEMNITY COMPANY,	)	CAUSE NO. C-1828
	)	
RESPONDENT.	)	
	)	

In order to resolve this matter, the Nebraska Department of Insurance ("Department"), by and through its attorney, Eric Dunning, and Homesite Indemnity Company ("Respondent") mutually stipulate and agree as follows:

JURISDICTION

1. The Department of Insurance has jurisdiction and control over Respondent pursuant to Neb.Rev.Stat. §44-101.1, et seq.

2. The Department of Insurance has jurisdiction and control over Respondent pursuant to Neb.Rev.Stat. §44-101.1, et seq. The Department has jurisdiction over these matters pursuant to the Unfair Insurance Trade Practices Act, Neb. Rev. Stat. §§ 44-1521 through 44-1535.

3. Respondent was licensed to engage in the business of insurance in the State of Nebraska as a foreign insurer at all times material to this action.

STIPULATIONS OF FACT

4. The Department initiated this administrative proceeding by filing a petition styled State of Nebraska Department of Insurance vs. Homesite Indemnity Company on April

12, 2010. A copy of the petition was served upon the Respondent's agent for service of process registered with the Department, by certified mail, return receipt requested.

5. The petition alleges that Respondent violated Neb. Rev. Stat. §44-1524 which declares that any of the acts or practices defined in section Neb. Rev. Stat. §44-1525, if committed in violation of section 44-1524, shall be unfair trade practices in the business of insurance. Respondent violated Neb. Rev. Stat. §§ 44-1524 and 44-1525(11) as a result of the following conduct:

- a. On or about November 10, 2009, Karen Dyke, an investigator with the Consumer Affairs Division of the Nebraska Department of Insurance, sent a letter to Respondent in order to investigate a complaint made against Respondent, Department Case Number 09-1487. The letter requested a response within fifteen days citing the statutory requirement that an answer be provided within that time and listed 11 items that must be included in the response. The letter was sent to Homesite Indemnity Company, 99 Bedford Street, Boston, Massachusetts 02111. This was the address to which complaints were directed to Respondent. Respondent's response letter dated November 24, 2009, and received by the Department December 1, 2010, was incomplete. In particular, Respondent did not include a "complete copy of adjuster's log, both electronic and paper entries" as required by item 5 of the letter or a "Copy of policy, endorsements and declarations pages in effect on the date of loss" as required by item 7 of the letter.
- b. On or about December 11, 2009, Investigator Dyke sent a letter to Respondent requesting a response including items 5 and 7. The letter was sent to Homesite Indemnity Company, 99 Bedford Street, Boston, Massachusetts 02111. This was the address to which complaints were directed to Respondent. Respondent's response letter dated December 19, 2009, and received by the Department December 30, 2009, was incomplete. In particular, Respondent again did not include a "Copy of policy, endorsements and declarations pages in effect on the date of loss" as required by item 7 of the November 10, 2009 letter from the Department, and item 2 of the December 11, 2009 letter from the Department.
- c. On or about January 11, 2010, Investigator Dyke sent a letter to Respondent again requesting a response including a "Copy of policy, endorsements and declarations pages in effect on the date of loss". The

letter was sent to Homesite Indemnity Company, 99 Bedford Street, Boston, Massachusetts 02111. This was the address to which complaints were directed to Respondent. Respondent replied by letter dated January 20, 2010, and received by the Department February 1, 2010 citing the correct file number and insured, addressed to a different Investigator that "There appeared to be a system issue with this particular policy that was preventing it from being re-printed. The Company has addressed this issue by first pulling the policy in a pdf format and then printing it in hard copy form. We truly apologize for the delay in providing the Department this requested information." In spite of this statement Respondent again did not include a "Copy of policy, endorsements and declarations pages in effect on the date of loss" as required by item 7 of the November 10, 2009 letter from the Department, item 2 of the December 11, 2009, and again in the January 11, 2010 letter from the Department.

- d. On or about February 2, 2010, Investigator Dyke sent a letter to Respondent requesting a copy of the "1) Policy, endorsements and declarations pages" and 2) an explanation of a claims handling delay, and an explanation of "why the company did not determine that the chimney was unrepairable with the first inspection." The letter was sent to Homesite Indemnity Company, 99 Bedford Street, Boston, Massachusetts 02111. This was the address to which complaints were directed to Respondent. The letter requested a response within fifteen days citing the statutory requirement. On February 16, 2010 the Department received a letter, again dated January 20, 2010, citing the correct file number and insured, addressed to a different Investigator. While this response enclosed the declarations and billings pages for a policy period after the date of the loss, it did not include the policy, particularly the portion of the policy describing coverage for mold. The correspondence also did not include an explanation of the claims handling delay or explanation of why the company did not determine that the chimney was un-repairable.
- e. On or about March 2, 2010, Investigator Dyke sent a letter to Respondent enclosing what had been received of the requested documents, noting that they were for a policy effective after the date of loss, and again requesting a "copy of the policy, endorsements and declarations pages as of the date of loss." The letter was sent to Homesite Indemnity Company, 99 Bedford Street, Boston, Massachusetts 02111. This was the address to which complaints were directed to Respondent. The March 2, 2010 letter also noted that neither of the additional questions from the February 2, 2010 letter had been answered.
- f. On or about January 27, 2010, Jeanette R. McArthur, an investigator with the Consumer Affairs Division of the Nebraska Department of Insurance, sent a letter to Respondent in order to investigate a complaint made

against Respondent, Department Case Number 10-0115. The letter requested a response within fifteen days citing the statutory requirement that an answer be provided within that time and listed 10 items that must be included in the response. The letter was sent to Homesite Indemnity Company, 99 Bedford Street, Boston, Massachusetts 02111. This was the address to which complaints were directed to Respondent. Respondent's response letter dated February 11, 2010, and received by the Department February 16, 2010, was incomplete. In particular, Respondent did not include a "complete copy of adjuster's log, both electronic and paper entries" as required by item 5 of the letter, or a "Complete copy of policy with applicable policy provisions highlighted" as required by item 7 of the letter.

6. Respondent was informed of its right to a public hearing. Respondent waives that right, and enters into this Consent Order freely and voluntarily. Respondent understands and acknowledges that by waiving its right to a public hearing, Respondent also waives its right to confrontation of witnesses, production of evidence, and judicial review.

7. Respondent admits the allegations contained in the Petition and restated in paragraph 5 above.

#### CONCLUSIONS OF LAW

Respondent's conduct as alleged above constitutes a violation of Neb.Rev.Stat. Neb.Rev.Stat. §§ 44-1524 and 44-1525(11).

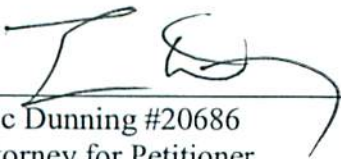
#### CONSENT ORDER


It is therefore ordered by the Director of Insurance and agreed to by Respondent that:

(1) Respondent agrees to pay an administrative penalty of \$3,000; and

(2) The Nebraska Department of Insurance will retain jurisdiction of this matter for the purpose of enabling the Respondent or the Department of Insurance to make application for such further orders as may be necessary.

In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing his or her signature below.

  
Eric Dunning #20686  
Attorney for Petitioner  
941 "O" Street, Suite 400  
Lincoln, NE 68508  
(402) 471-2201  
Date: 4/12/10

  
Homesite Indemnity Company,  
Respondent  
Date: 4-29-2010

  
Attorney for Respondent  
Date: 4/27/2010

State of Massachusetts )  
County of Suffolk ) ss.

On this 29<sup>th</sup> day of April, 2010, Douglas BATTING personally appeared before me on behalf of Homesite Indemnity Company and read this Consent Order, executed the same and acknowledged the same to be his or her voluntary act and deed.

  
Notary Public



MAUREEN FIDLER  
Notary Public  
Commonwealth of Massachusetts  
My Commission Expires  
September 14, 2012

CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of the State of Nebraska Department of Insurance vs. Homesite Indemnity Company, Cause No. C-1828.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE



Ann M. Frohman  
Director of Insurance

Date: 5-10-2010

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served upon Respondent by mailing a copy to Respondent through Respondent's Representative, Randall E Dyen, Agent for Service, at 99 Bedford Street, Boston, Massachusetts 02111-2217 by certified mail, return receipt requested, on this 10<sup>th</sup> day of May 2010.

